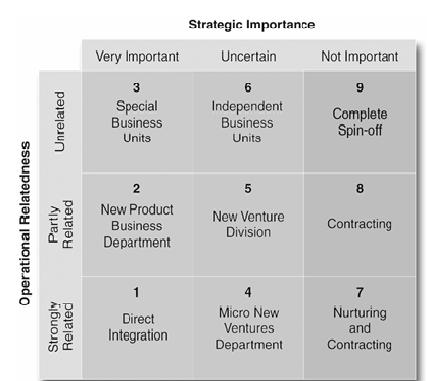
**Corporate Entrepenuership**

Corporate entrepreneurship (also called intrapreneurship) is defined by Guth and Ginsburg as “the birth of new business within existing organizations, that is, internal innovation or venturing; and the transformation of organizations through renewal of the key ideas on which they are built, that is, strategic renewal.

A large corporation that wants to encourage innovation and creativity within its firm must choose a structure that will give the new business unit an appropriate amount of freedom while maintaining some degree of control at headquarters.

Burgelman proposes that the use of particular organizational design should be determined by (1) the strategic importance of the new business to the corporation and (2) the relatedness of the unit’s operations to those of the corporation.  The combination of these two factors results in nine organizational designs for corporate entrepreneurship.

**Designs for Corporate Entrepreneurship**

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1. **Direct Integration**: A new business with a great deal of strategic importance and operational relatedness must be a part of the corporation’s mainstream.  Product champion-people who are respected by others in the corporation and who know how to work the system-are needed to manage these projects.
2. **New Product Business Department**: A new business with a great deal of strategic importance and partial operational relatedness should be a separate department organized around an entrepreneurial project in the division where skills and capabilities can be shared.
3. **Special Business Units**: A new business with a great deal of strategic importance and low operational relatedness should be a special new business unit with specific objectives and time horizons.
4. **Micro New Ventures Department**: A new business with uncertain strategic importance and high operational relatedness should be a peripheral project, which is likely to emerge in the operating divisions on a continuous basis.  Each division thus has its own new ventures department.
5. **New Venture Division**: A new business with uncertain strategic importance that is only partly related to present corporate operations belongs in a new venture division.  It brings together projects that either exist in various parts of the corporation or can be acquired externally, sizable new businesses are built.
6. **Independent Business Units**: Uncertain strategic importance coupled with no relationship to present corporate activities can make external arrangements attractive.
7. **Nurturing and Contracting**: When an entrepreneurial proposal might not be important strategically to the corporation but is strongly related to present operations, top management might help the entrepreneurial unit to spin off from the corporation.  This allows a friendly competitor, instead of one of the corporation’s major rivals, to capture a small niche.
8. **Contracting**: As the required capabilities and sills of the new business are less related to those of the corporation, the parent corporation may spin off the strategically unimportant unit yet keep some relationship through a contractual arrangement with the new firm.  The connection s useful in case the new firm eventually develops something of value to the corporation.
9. **Complete Spin-Off**: If both the strategic importance and the operational relatedness of the new business are negligible the corporations is likely to completely sell off the business to another firm or to the present employees in some form of ESOP (Employee Stock Ownership Plan).  The corporation also could sell off the unit through a leveraged buy-out (executives of the unit buy the unit from the parent company with money from a third source, to be repaid out of the unit’s anticipated earnings.

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